

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant(s): William H. Barber, et al.	Group Art No.: 3627
Serial No.: 09/903,444	Examiner: Asfand M. Sheikh
Filed: July 9, 2001	Confirmation No. 9729
For: System and Kiosk for Commerce of Optical Media through Multiple Locations	

1 February 2010

MAIL STOP Appeal Brief – Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

APPLICANT-APPELLANT'S REPLY BRIEF

Dear Sir:

In accord with 37 C.F.R. 41.37 and 41.41, and fully responsive to the Examiner's Answer mailed November 30, 2009, Appellants hereby file their Reply Brief in support of their Appeal in the above-identified matter (hereinafter, the "present Application"). The Answer does not introduce any new ground of rejection that necessitates a Reply. Rather, Appellants submit this Reply Brief as a matter of right under 37 C.F.R. 41.41 (see also MPEP 1208).

A first Notice of Appeal was submitted April 8, 2008, and a first Appeal Brief was timely filed June 9, 2008. Without submitting an Examiner's Answer, prosecution was reopened, and a Second Appeal Brief was filed with a Second Notice of Appeal on December 18, 2008. Prosecution was then again reopened without any submission of an Examiner's Answer. A Third Notice of Appeal was therefore timely filed July 1, 2009, and a Third Appeal Brief was filed on September 1, 2009, to which the Examiner's Answer is responsive.

No fees are believed due. However, if any fee is deemed necessary to make this Reply Brief both timely and complete, the Commissioner is respectfully requested to please charge any and all such fees to Deposit Account No. 12-0600.

ARGUMENT

Applicants respectfully note for the record that the majority of the 58-page Answer is nothing more than a repeat of the previous rejections and associated rationales that Applicants have appealed in each of the First, Second, and Third Appeal Briefs. Accordingly, the arguments below are focused the few new points raised in the Answer, or otherwise emphasize which of the meritorious arguments from the Third Appeal Brief that remain unchallenged on the record. These issues are addressed below in the order in which they appear in the Third Appeal Brief and the Examiner's Answer.

I. 35 U.S.C. 103(a) rejection of claims 1, 12, 18-19, 23, 26, 28-29, 31, 63, and 66

A. The Answer implicitly concedes that the prior art fails to teach or suggest kiosks coupled with the central server through the Internet.

The Answer fails to even address, and therefore implicitly concedes, Applicants' argument that there is no teaching or suggestion that kiosks are coupled with the central server via the Internet. Quite the contrary, on page 37, the Answer repeats that the "Examiner 'interprets central processing system [of Newell]' to be a server," and then only that the "kiosks where (sic) able to connect to internet" (sic) in Smith. Applicants have not challenged the fact that Smith teaches Internet connectivity between kiosks and banks. Applicants have argued, and continue to argue, that Smith shows Internet connectivity between the cited "kiosks" and the central server/processing system. The Answer thus admits that this feature is missing from the references.

The Answer notably does not assert that Smith actually suggests the additional modification to apply the Internet to the network of kiosks already disclosed. Instead, the Answer merely claims that "one of ordinary skill in the art *could* easily achieve" (sic) the proposed modification. (Emphasis added). Section 2143.01 of the MPEP, however, strictly forbids obviousness rejections based on what an Examiner believes "can be" modified or combined. Unless based on evidence of record of some well known principle in the art, the proposed modification must be taught or suggested by the references themselves. In the present case, however, this standard has not been met, and the rejection is therefore deficient on its face, and should be reversed by the Board.

The lack of citation to any evidence in support of the proposed modification also fails to consider the relationship between the Internet and the PSTN at the time of the invention. What the Examiner asserts to be “easy” to one of ordinary skill in the art at the present time fails to examine what the state of the art was at the time of the invention. The record contains no evidence from the Examiner, for example, as to what the “ordinary level” of skill in the art was ten years earlier. Accordingly, the Examiner’s personal opinion about what one of ordinary skill “could easily” achieve is purely conclusory, and thus may not justify the rejection based on obviousness. *See In re Lee*, 277 F.3d 1338 (Fed. Cir. 2002).

B. The Answer fails to cite to any new evidence to support the original conclusory opinions used to justify the original proposals to combine the various references.

The Third Appeal brief specifically noted how the rationales given in support of the proposed combinations of multiple references were conclusory at best. In response, the Answer merely attempts to explain the conclusory opinions in greater detail. Additional explanation of a conclusion, however, does not satisfy the requirements of Section 2143.01, as stated above. Conclusory opinions, no matter how well explained, may not be used to justify obviousness rejections. *KSR International Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1741 (2007). Moreover, when a rejection is based on the Examiner’s own personal knowledge, the Examiner is required to submit an affidavit on the record for the Applicant to review and/or rebut. See Rule 1.104(d)(2) of the CFR. In the present case, however, no such affidavit appears on the record.

As an example, from Kanoh col. 4, lines 21-49; from Harman col. 5, lines 23-39, and from Smith col. 3, lines 30-33, the “examiner *was able to draw out an interpretation* that one of ordinary skill in the art would have been motivated to use “features of the secondary references with Newell.” See Examiner’s Answer page 29, second and third paragraphs, and page 30, first paragraph, emphasis added. Kanoh, col. 4, lines 21-49, however, describes a process where “the credibility of the identified member is checked. If a judgment is made that renting of the video cassette is permitted...the automatic renting apparatus is responsive to the command to perform a renting operation...” See also Examiner’s Answer at page 29, second paragraph. From this passage, the Examiner draws out his *interpretation* that one of skill in the art would have been motivated to modify Newell by incorporating Kanoh’s kiosks attached via an online connection,

and Kanoh's kiosk-server communication to authorize transactions. The Examiner states that one of skill in the art would be motivated to combine Newell and Kanoh, in order to "identify and authenticate a user before dispensing a product to the customer thereby reducing loss of inventory to user's [sic.] who are not registered or recognized." Examiner's Answer, paragraph spanning pages 28-29. However, Newell already provides this function.

Newell discloses telephonic communicating with a financial institution "for preauthorization of the transaction." See Newell col. 5, lines 10-25. The rationale that one would be motivated to modify Newell in light of Kanoh in order to allow a credibility check is therefore contrary to the express teachings of the references themselves. Credit preauthorization is already disclosed by Newell, and one of skill in the art would not be motivated to combine teachings only in order to re-create a function that is already shown to be done differently.

Simply identifying different elements from various references, and then presuming that such elements *could* automatically be combined, is a violation of Section 2143.01 of the MPEP. Without an actual teaching or suggestion to make the proposed combination, either from the references themselves or a well-known principle in the art, obviousness cannot be established for the proposed combination. The presumption underlying the combination of Newell and Kanoh is purely conclusory. A conclusory opinion drawn from a non-suggestive passage of Kanoh is insufficient to uphold a *prima facie* rejection. Appellants specifically note that this principle has been recently affirmed by the Supreme Court of the United States, holding that "[r]ejections on obvious grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *KSR*. No evidence of a well-known art principle has been submitted on the record, despite repeated requests.

Accordingly, the standards of Section 2413.01 of the MPEP are still not met. Hence, contrary to the Examiner's note at page 34 of the Examiner's Answer, the combination of Newell and Kanoh indeed amounts to impermissible "picking and choosing."

The late addition of Smith to the proposed combination demonstrates an even greater level of impermissible hindsight. Smith was only added to the proposed combination after appeal, and then merely for its disclosure of credit card transactions being conducted over the Internet. See Smith col. 3, lines 30-32. To date, Smith is the only reference of record that

teaches any use of the Internet in a system that includes kiosks. As discussed above, Smith, however, does not teach or suggest to implement the Internet *within* the kiosk system, as incorrectly asserted for the proposed combination.

The present claims though, feature that the entire system of kiosks is connected to the central processor via the Internet, and not merely for *external* credit card processing with a third party creditor. Smith never discloses nor suggests that its credit card processing should be done through the same central processing system that operates the kiosks, as required by the present claims. Merely having *some* Internet connectivity is not the same as having the kiosks operating all of claimed steps through a single central processor. Accordingly, Smith does not support the actual combination of references proposed, and again, the Examiner's rejection is in fact reduced to "picking and choosing."

In addition, as was noted in the Third Appeal Brief, the post-appeal citation to Smith further establishes the nonobviousness of the proposed combination. Smith shows that both kiosks and the Internet were known at the time of the present Application, but clearly does not implement use of the Internet between its own kiosks and its central server. The rejection concludes that such implementation was simply obvious from Smith, but Smith itself fails to realize the specific combination of its own elements, as proposed. Accordingly, for at least these reasons as well, the rejection should be reversed.

Given the arguments presented above, and given the previous arguments of the Third Appeal Brief, it is clear that the standards of Section 2413.01 of the MPEP are still not met. The record does not show where the prior art itself teaches or suggests the motivation to combine the references as proposed. There is no any evidence in the record of some well-known principle in the art that would support the conclusion of obviousness. Without reference-based teaching or suggestion, and without documentary evidence supporting the proposed motivation to combine references, the stated rationale for combining Newell with Kanoh, Harman, and Smith is based only upon the Examiner's own personal opinion. Mere conclusory statements, without any actual evidence cited on the record in support thereof – the required "rational underpinning" – cannot satisfy the burden to establish the obviousness of combining the references. *Lee; KSR*, quoted above. Accordingly, the rejection should be reversed for at least these reasons.

C. Applicants' Declaration and Exhibits have still not been given any substantive consideration.

The obviousness rejection should have at least been overcome in light of the Declaration and overwhelming objective evidence submitted by Applicants on October 31, 2007, as secondary considerations to rebut even a properly established *prima facie* case of obviousness. This unchallenged evidence proved that not only has any required motivation to combine the references not been established, such motivation *could not have been* established in light of such objective evidence. Appellants respectfully request the Board's consideration of the Declaration and evidence, and the additional secondary considerations provided in the tables of the October 31, 2007 accompanying Response, all of which were submitted in the Evidence Appendix to the Third Appeal Brief.

The Answer again merely states that the Declaration was considered, but not found persuasive. Although Appellants have repeatedly pointed out that the Examiner is required to indicate why the Declaration and evidence *themselves* are unpersuasive (e.g., by providing a detailed explanation as required per MPEP 716, paragraph 7.66(5)), the Answer again fails to give any explanation or rationale for why or how the extensive evidence submitted with the Declaration was insufficient.

The Answer thus does not appear to satisfy the requirement that the Declaration must be considered (and responded to) on its own merits, and not simply dismissed in a conclusory fashion as "unpersuasive" because a *prima facie* case of obviousness has already been asserted. Rebuttal evidence, such as the Declaration, is submitted *after* the *prima facie* case is established (whether properly or improperly). Unchallenged rebuttal evidence – as in the present case – can be sufficient to overcome even a proper *prima facie* case of obviousness.

Even had a *prima facie* case of obviousness been established in the present case (which Appellants do not concede, as discussed in detail above and below), the final determination of obviousness must still consider any and all rebuttal evidence that counters the *prima facie* case. Such evidence is not rebutted merely by repeating the original rejection. Instead, the burden merely "shifts to the applicant to come forward with evidence and/or argument supporting patentability." *In re Glaug*, 283 F.3d 1335, 1338 (Fed. Cir. 2002). The evidence submitted on rebuttal can be any "showing of facts support the opposite conclusion [from the Examiner]," *In*

re Piasecki, 745 F.2d 1468, 1472 (Fed. Cir. 1984), including evidence of commercial success. *WMS Gaming, Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1359 (Fed. Cir. 1999). The Examiner is required to consider all such evidence of nonobviousness when assessing patentability. *In re Soni*, 54 F.3d 746, 750 (Fed. Cir. 1995); *In re Sernaker*, 702 F.2d 989, 996 (Fed. Cir. 1983). The Examiner should also provide a detailed explanation of why the '132 Declaration and evidence is not persuasive. MPEP 716, paragraph 7.66(5).

In the present case, the Answer still fails to meet this burden. For example, there are no comments that show that the Examiner is even familiar with the evidence submitted, despite the fact that Appellants have many times pointed out the Examiner's obligation to provide detailed commentary. The Answer does not even challenge *any* of the clear evidence demonstrating commercial success in the field. Neither does the Answer challenge the showing of a nexus between the claimed inventions and the commercial success, or the evidence of scepticism of experts. Please see the Third Appeal Brief and evidence appendix for additional detail regarding the commercial success and its link to the claimed inventions, and the clearly illustrated scepticism of experts.

Also note that Appellants presented secondary considerations of nonobviousness as evidenced by U.S. Patent No. 7,234,609 to DeLazzer ("DeLazzer"), which is considerably antedated by the present Application. More than three years after the filing of the present Application, DeLazzer discloses that a number of the features recited in the present claims have "substantial benefits" and "*distinguish from conventional options.*" (Emphasis added; see also tables 1 and 2, presented at pages 17-19 of the October 31, 2007 response, included in the Evidence Appendix to the Third Appeal Brief). Appellants presented this question: If DeLazzer, (who, as an inventor of a DVD distribution system can be presumed to be one of skill in the art) cited claimed features of the present Application as "distinguishing from conventional options" almost three years after the filing date of the present Application (and almost seven years after the filing date of Kanoh), then how could such features have been obvious at the time Appellants' invention was made? See Response of October 31, 2007, pages 17-20. Although Appellants *again* presented this evidence in the Third Appeal Brief, the Answer remains silent regarding this additional evidence.

The Answer further shows no attempt to answer or challenge Appellants' evidence of copying by others, which is also listed among MPEP's secondary considerations of nonobviousness. See Section 2141(III) of the MPEP. See Response of October 31, 2007, page 24. Pursuant to Section 2141(III), "Objective evidence or secondary considerations such as unexpected results, *commercial success*, long-felt need, failure of others, *copying by others*, licensing, and *scepticism of experts* are relevant to the issue of obviousness and must be considered in every case in which they are present. When evidence of any of these secondary considerations is submitted, the examiner must evaluate the evidence." (Emphasis added).

Appellants submit that the Rule 132 Declaration (with Exhibits), by itself, provides ample secondary considerations (in at least the form of a showing of commercial success, market share, evidence of sceptics, and copying by others) to fully rebut the Section 103 rejection of claims 1 and 63. Since the Declaration has apparently not been given any meaningful consideration, it falls to the Board to consider the Declaration and reverse the outstanding Section 103 obviousness rejection.

Additionally, tables 1 and 2 and page 24 of the October 21, 2007 Response (see Evidence Appendix to the Third Appeal Brief) present additional secondary considerations – namely, identification by one of skill in the art of claimed features as being different or beneficial when compared to "conventional options." These additional secondary considerations also warrant the Board's full consideration and reversal of the outstanding Section 103 obviousness rejection on rebuttal.

II. 35 U.S.C. 103(a) rejection of claims 3-7 and 64-65

The Answer merely repeats the original rejection of these claims, and makes no attempt to even rebut Applicants' arguments that the proposed combination fails to teach or suggest a self-contained, automated apparatus, or that the cited Koenck reference itself teaches away from anything other than a separate, handheld scanner. Appellants therefore respectfully request the Board's reversal of this rejection as well.

III. 35 U.S.C. 103(a) rejection of claims 9-11

The Answer merely repeats the original rejection of these claims as well, and makes no attempt to even rebut Applicants' arguments distinguishing between the very different processes

of media *retrieval* in a contained system, and of media return in an open system. Appellants therefore respectfully request the Board's reversal of this rejection as well.

IV. 35 U.S.C. 103(a) rejection of claim 13

The Answer merely repeats the original rejection of this claim as well, and Appellants therefore respectfully request the Board's reversal of this rejection.

V. 35 U.S.C. 103(a) rejection of claims 14-17

The Answer merely repeats the original rejection of these claims as well, and makes no attempt to rebut Applicants' arguments that none of the references teach or suggest transmission of images to the central server. Appellants therefore respectfully request the Board's reversal of this rejection as well.

VI. 35 U.S.C. 103(a) rejection of claims 20-21, 24-25, 27, and 67-68

The Answer merely repeats the original rejection of these claims as well, and makes no attempt to rebut Applicants' arguments that none of the references teach or suggest communicating advertising information based on the profiling of user transactions. Appellants therefore respectfully request the Board's reversal of this rejection.

VII. 35 U.S.C. 103(a) rejection of claim 30.

The Answer merely repeats the original rejection of this claim as well, and makes no attempt to rebut Applicants' arguments that none of the references teach or suggest emailing coupons based upon kiosk inventory. Appellants therefore respectfully request the Board's reversal of this rejection.

VIII. 35 U.S.C. 103(a) rejection of claims 32-33

The Answer merely repeats the original rejection of these claims as well, and makes no attempt to rebut Applicants' arguments that none of the references teach or suggest sending information regarding alarm states to an administration associated with a central server. The original rejection still fails to distinguish between a central server, and a non-server computer. Appellants therefore respectfully request the Board's reversal of this rejection.

IX. 35 U.S.C. 103(a) rejection of claims 34, 38-40, and 70-71

The Answer merely repeats the original rejection of these claims as well, and makes no attempt to rebut Applicants' arguments that clearly distinguish between a single user and a household. Appellants therefore respectfully request the Board's reversal of this rejection.

X. 35 U.S.C. 103(a) rejection of claims 35-37

The Answer expressly admits that Newell, Kanoh, Harman, Smith, and DeLapa alone do not teach all of the features of these still-rejected claims. Only McCall is relied upon for allegedly disclosing the missing feature of generating automatic promotions comprising the step of processing unique promotional codes.

Appellants previously noted for the record though, that McCall fails to disclose an automatic process. The Answer erroneously asserts, however, that McCall's process is automatic. The assertion is erroneous because:

- (1) McCall determines whether a customer has earned a fuel discount. *If so:*
- (2) the customer receives a bar coded discount coupon, an authorization code, or an updated magnetic card. See Col. 10, lines 60-67).
- (3) A server sends an authorization code and a discount amount to a pump.
- (4) The customer then inputs the authorization code, swipes the card, scans in the updated card or scans the bar code.
- (5) The server authorization code is compared with the code from the customer.
- (6) If the codes match, the price of fuel is adjusted (i.e., reduced). See McCall col. 11, lines 1-13.

As can be seen from these required steps in McCall, the process is *not automatic* as required by the present claims, and the rejection is therefore still deficient. In McCall, the system must review all of the customer's current purchases to see if a fuel discount is available. The fuel discount is not *automatically* generated without this review. See also col. 10, lines 53-65.

Furthermore, Even if a fuel discount code/coupon/updated card is given, it is not *obtained from the touch screen at the first kiosk*, as in claim 36. Rather, the customer enters the

code/card/coupon at a separate fuel pump. See McCall col. 11, lines 4-6 and FIG. 10; see also FIGS. 1 and 7.

Nor does McCall teach obtaining a promotion code from a magnetic card swipe *at the first kiosk*, as in claim 37. Again, the McCall customer receives a discount code from a POS 200, and then enters the codes at a physically separate fuel pump 112.

For the above reasons and the arguments presented in section X of the Third Appeal Brief, Appellants respectfully request reversal by this Board of the specific rejection of claims 35-37.

XI. 35 U.S.C. 103(a) rejection of claim 41

The Answer erroneously asserts that Bernstein, col. 6, line 63-col. 7, line 14 teaches “that a remote computer via use of TCP/IP can perform software updates (e.g. which is a form of administrative business data) as it relates to the function of the kiosk in order to maintain productivity (e.g. use)”. The Examiner “has interpreted this to e [sic.] a form of administrative business data.” Examiner’s Answer page 57, second paragraph.

This interpretation is erroneous because software updates are not the same as kiosk business data. The Board should consider, as an example, whether U.S. Patent Office business data is administered to each time an update is uploaded for Acrobat, Flash, or another software program. One of ordinary skill would understand that the two are clearly not the same. The “business data” of the USPTO, for example, records of applications, patents or assignments, is not itself “administered to” during a software update. Likewise, uploading a software update is not the same as administering *kiosk business data*. It is further noted that software generally resides in a file, such as a Program File, that is kept separate, often times on a separate drive, from “business data” stored elsewhere on a computer.

Appellants further note that Bernstein itself nowhere suggests that software updates are “business data.” The interpretation to the contrary is purely the conclusory opinion of the Examiner, which is not supported by any documentary evidence. The asserted rationale for combining these references is that “work in one filed [sic.] of endeavor may prompt variations of technology for use in the same filed [sic.] as shown by references and may be based on design incentives which allow these variations of technology the ability achieve [sic.] predictable result

based on the knowledge of one of ordinary skill in the art." Examiner's Answer page 57, third paragraph.

Respectfully, this rejection amounts to first making an unsupported (and erroneous) statement about what constitutes administration of business data, and then assuming that those of skill in the art would (a) draw the same erroneous conclusion, and (b) decide to apply the erroneous conclusion to another field of art, absent any teaching or suggestion in the art itself to do so. The basis for the rejection is therefore not only misguided, but the rejection itself is purely conclusory, and is thus insufficient basis for establishing *prima facie* obviousness.

As discussed above, the Supreme Court of the United States recently held that "[r]ejections on obvious grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *KSR*. No evidence of a well-known art principle to support either the motivation for combining, or the Examiner's interpretation of what constitutes business data, has been submitted on the record. Accordingly, Appellants respectfully request that the Board reverse this rejection as well.

CONCLUSION

Appellants respectfully submit that the claims 1, 3-7, 9-21, 23-41, 63-68, and 70-71 are all patentably distinguishable over the cited prior art of record.

This Reply Brief is timely filed within two (2) months of the mailing date of the Examiner's Answer. The Commissioner is hereby authorized to charge any fees which may be deemed necessary in this case, to make this paper both timely and complete, to Deposit Account no. 12-0600.

Respectfully submitted,

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